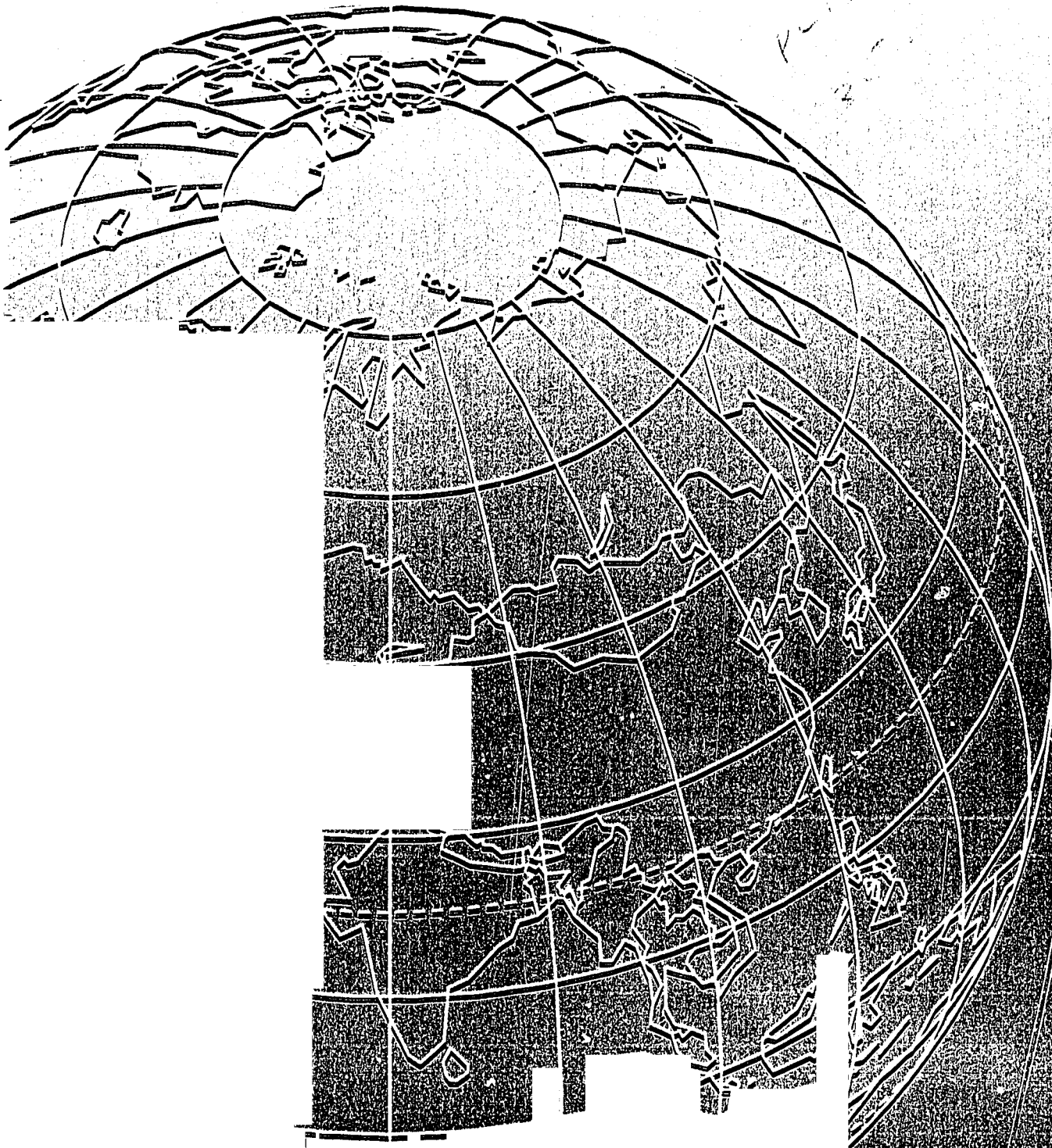# Toward the New USAID:

Toward the New USAID:

An NPR Progress Report

/USAID U.S. Agency for
International
Development

Washington, D.C. 20523

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Letter from the

Administrator

The world once again changed dramatically in the past year. We saw the demise of the apartheid regime in South Africa along with free and fair democratic elections. The United States helped facilitate the return of democracy in Haiti. Some of the nations of the former Soviet Union moved closer to full free enterprise systems and open governments. A successful Cairo Conference on Population and Development achieved consensus in support of a comprehensive approach to population stabilization and sustainable development.

For all its continuing dangers, these changes contribute to a better world. The promises made by eight presidents, from Truman to Reagan, to, in John Kennedy's words, "pay any price" and "bear any burden to assure the survival and success of liberty," were kept. Today there is no Soviet Union. The Cold War is over and we, and the oppressed peoples of these countries, can declare victory.

But that does not mean that our work is done. Not yet. The threat to America today is different from what it was just a few years ago, but it is no less real. Today the threat is international disorder.

If nations fail to develop, and then whole regions, our economic and political interests will not remain unaffected. By the year 2000, four out of five people will live in the developing world. Who will sell to these potential customers —and whose economy will advance because of access to these vast new markets?

These new challenges require a new improved foreign assistance program and, for our part, a new improved USAID to administer it. This report demonstrates the progress we have made toward this goal over the past year. I believe we can be proud of what we have accomplished. And we are committed to further reform in the days ahead.

The last year has been both a challenging and productive time for USAID. Together we have taken important steps to create an agency that is increasingly results-oriented, efficient and able to advance an integrated, strategic approach to development.

We set out to restore the confidence of Congress and the American people in our ability to manage. And we demonstrated the importance of sustainable development in the post-Cold War world.

USAID has served as one of the primary labs in Vice President Gore's Reinvention of Government program. USAID's reengineering also was mandated by the Government Performance and Results Act, which called for all U.S. government agencies to place a greater focus on results and provide as much flexibility as possible to achieve success. We have succeeded. So much so that in February 1995, a member of the Ferris Commission said, "This is the most remarkable transformation of a government agency I have ever seen."

Part of this flexibility is the option for agencies to modify specific reengineering tasks. Therefore, not all NPR reforms have been carried out exactly as recommended; for example, to finance new information technology, the agency used its current operating expense account rather than the proposed innovation capital fund.

But dramatic reinvention has taken place. We have streamlined personnel and financial management systems and introduced reforms to open USAID's procurement process to the best expertise in America, whether that expertise is located in Dallas, Louisville or other cities "outside the beltway."

"...we have taken important steps to create an agency that is increasingly results-oriented, efficient and able to advance an integrated, strategic approach to development."

We have refocused the agency's strategic objectives and are streamlining our project design and implementation process to reduce the time (by almost a year and a half) it takes to get an idea from concept to implementation.

We have launched the "Lessons Without Borders" program to share with U.S. cities from coast to coast some of the lessons USAID has learned in over 30 years of development work to help solve domestic problems.

These changes are not implemented by outside consultants. They are driven by teams of USAID employees. It is important that we all share the conviction that we can keep improving what we do and how we do it. By harnessing new technologies and by listening to new ideas, we can serve the American taxpayer effectively and make a difference in the future of the developing world.

We have made tremendous progress in the last year as this report details. Much also remains to be done. We will be active and engaged participants in completing the National Performance Review agenda, and will continue these efforts with NPR Phase II. With the perseverance, innovation and excellence that are the hallmarks of USAID's staff, I am confident that we will achieve these goals and more, making USAID an even better, more productive agency — always mindful that our mission is nothing less than maintaining this nation's position of leadership in the development field for the purpose of advancing American economic and political interests.

J. Brian Atwood
Administrator
U.S. Agency for International Development

Executive Summary

In USAID Administrator J. Brian Atwood's first appearance before the House Foreign Affairs Committee in May 1993, he laid out a general framework for a major restructuring of the U.S. foreign assistance program. He pledged that USAID would strive to promote our national values and interests; would undertake programs designed to achieve meaningful results; and would stand ready to be measured against the achievement of these results.

The goals cited by the administrator were to be advanced by a major overhaul and streamlining of the agency. The redesign and reengineering of procedures and processes had begun in 1991 with the development of the USAID Information Systems Plan (ISP). The initiative was accelerated and expanded when the entire agency was declared a National Performance Review (NPR) reinvention laboratory in 1992, one of only two whole agencies so named. The NPR has provided USAID the opportunity to review and to rebuild its organizational structure and to design and engineer many specific reforms.

Specifically, our plan is to:

- Better focus the agency's programs on fewer but more obtainable objectives:
  - Issue agency strategic policy statements and corresponding strategic implementation guidelines;
  - Develop an agency-wide performance measurement results system; and,
  - Develop a new resource allocation process keyed to achievement of strategic objectives and performance results.

- To reduce overlap and unnecessary layering and to advance the empowerment of agency staff at all levels:
  - Reorganize the agency to make it more responsive to the development challenges of today;
  - Rightsize all organizational elements of the agency keyed to overall streamlining, reduction of layering and duplication, and empowerment of employees; ahd,

- Reduce the number of country programs and field missions to better focus our activities in those countries where our resources could better achieve sustainable development results.

- A major reengineering/redesign of all of USAID's core business processes and systems with attendant simplification of procedures, regulations and systems:
  - Develop an integrated corporate data system for the agency encompassing all of the core business systems, e.g., accounting, procurement, budgeting, and personnel management;
  - Reengineer the basic program operations processes of the agency based on improved delivery of our assistance, better service to our customers, rewarding of team performance and greater participation with our stakeholders and beneficiaries;
  - Reform our procurement processes to achieve greater efficiency and timeliness, wider access to contractors, improved ethical conduct, and increased economy of procurement activities;
  - Reduce rules, regulations and reporting requirements; and,
  - Reform our personnel management process, including the personnel evaluation and personnel incentives programs.

All segments of the agency reform are consistent with the recommendations and philosophy articulated in the vice president's National Performance Review and critical to the goal of reinvigorating the foreign assistance program and the agency.

This effort will help us establish a foreign assistance program for the 1990s and beyond, one that is rooted in our national interest and one that benefits both Americans and our partners abroad by helping to create stability, democracy and new markets for U.S. exports.

Redefine and focus USAID's mission and priorities

"The problem at the heart of all of USAID's other problems, observers and employees agree, is that it is burdened by too many responsibilities and expected to accomplish too many objectives, particularly for an agency of its limited size and resources. In short, USAID does not have a single, clearly defined and articulated strategic mission."

Accompanying Report of the National Performance Review 1993

A Year Later...
A strategy for sustainable development

In March 1994, USAID distributed strategy papers describing how the agency would operate and what would be the areas of concentration under Administrator Atwood's direction toward the goal of supporting sustainable development and preventive diplomacy.

The fundamental building block of USAID's programs is integrated country strategies. These strategies are being developed in close cooperation with host governments, local communities and other donors. They also focus on how social, economic, political and cultural factors combine to impede development and seek to identify root causes and the remedies that can address them.

The strategy papers state that USAID will pay special attention to the role of women in the developing world, integrating the needs and participation of women into development programs and into the societal changes those programs are designed to achieve.

USAID's programs will involve three types of countries:

- Countries where USAID provides an integrated package of assistance - - these will be termed sustainable development countries. Assistance to these countries will be based on an integrated country strategy that includes clearly defined program objectives and performance targets.
- Countries that have recently experienced a national crisis, a significant political transition or a natural disaster, where timely assistance is needed to reinforce institutions and national order. These are the transitional countries.
- Countries where USAID's presence is limited, but where aid to non-governmental sectors may facilitate the emergence of a civic

society, help alleviate repression, meet basic humanitarian needs, enhance food security or influence a problem with regional or global implications. In these countries, USAID may operate from a central or regional base, may focus on policy and institutional changes in the public sector or may support the work of U.S. or indigenous NGOs or institutions of higher education.

Within these nations, USAID will support programs in four areas that are fundamental to sustainable development: broad-based economic growth, environment, population and health, and democracy. Progress in any of these areas benefits the others.

USAID will continue to carry out its other traditional mandate: providing emergency humanitarian assistance and disaster relief with dollars, technical expertise and food assistance. Emergency humanitarian assistance and disaster aid are integral to the process of promoting sustainable development. Emergency humanitarian assistance relieves suffering and stabilizes nations that have experienced natural disaster or famine. Typical humanitarian crises such as famine, civil conflict and the inability to respond to natural disaster increasingly are the direct result of economic instability, usually due to lack of economic development. Emergency humanitarian assistance is a necessary, stop-gap response that helps nations recover to the point where they can address the larger issues of development.

The success of foreign assistance is determined by its impact on developing nations. Inputs are meaningless without reference to effects. USAID will measure its results by asking how projects and programs achieve discrete objectives. This is a demanding approach that forces everyone involved in the foreign assistance process to focus on how projects actually affect the way people live.

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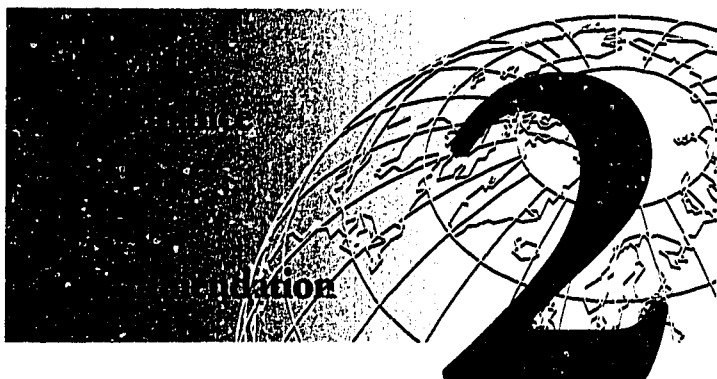
Reduce funding, spending and reporting micromanagement

"Major reviews of the Agency for International Development in the past five years, as well as interviews with USAID employees, point to several financial, reporting, and notification mechanisms as impediments to the agency's efficiency and effectiveness. Chief among these are: (1) restrictions on funding by appropriations of program funds in one-year increments and multiple accounts, (2) earmarking of funds, and (3) external and internal reporting and notification requirements."

Accompanying Report of the National Performance Review 1993

A Year Later. . . .
The Peace, Prosperity, & Democracy Act

The Peace, Prosperity and Democracy Act (PPDA) was reform legislation designed to overhaul the badly outdated Foreign Assistance Act of 1961. The PPDA would have replaced the Cold War policy framework currently in place and brought much-needed strategic and administrative improvements to U.S. foreign assistance programs.

The Foreign Assistance Act as it now exists is overburdened by 30 years of amendments and legislatively mandated goals (currently there are 33 goals and 75 priority areas).

The PPDA, like USAID's strategy papers, was based on preventive diplomacy for the new strategic threats to this nation: rapid population growth, environmental degradation, nuclear proliferation, mass migrations, failed states, health concerns like the HIV/AIDS epidemic and lack of broad-based economic development. These new strategic threats can

best be met by forward-looking assistance policies that foster sustainable development and address the root causes of these concerns.

The proposed legislation would have also embodied the changes highlighted in this year-end report, e.g., consolidating missions abroad; overhauling procurement procedures; rightsizing the agency; formulating new strategies; focusing on programs that produce demonstrable results; and working only with nations that embrace shared goals and values in the development process and are willing to make hard choices in that process.

The proposed legislation would have allowed for greater flexibility and accountability. Country and program budgets would contain specific objectives, allowing Congress to effectively analyze the results of USAID's efforts.

No action was taken on the PPDA by the last

Congress, and to date, the bill has not been reintro-
duced. However, progress has been made in reducing
micromanagement of USAID's programs.

All program accounts are now appropriated
on a multi-year basis, which gives agency manage-
ment the flexibility to obligate funds when they are
required rather than having to meet an arbitrary one-
year deadline. The earmarking of funds has greatly
diminished and is now limited to the Economic
Support Fund (ESF) account, but Congressional
directives to spend funds on particular programs have
increased. USAID workload has been eased by
reductions in reporting requirements and informal
changes in notification requirements by which pro-
ject detail is provided only after appropriations are
enacted.

USAID specialists work with farmers in Honduras to improve local agriculture and the environment.

Overhaul the USAID personnel system

"Workforce management has been raised as a problem at USAID in most of the major studies of the agency. The USAID personnel system has been criticized as complex, costly, and unsuited to accomplishing the mission of the agency."

Accompanying Report of the National Performance Review 1993

A Year Later . . . .
USAID is planning for the future

Getting a handle on the exact composition of the workforce was the first order of business. In the past, there was little or no central tracking of the number of employees hired by missions around the world, and accurate workforce data was unavailable for budget or other strategic planning processes.

In December 1993, an office was established to carry out workforce planning activities and create a central organizational focus for this critical function. Now USAID is collecting workforce data from its missions in a uniform automated format —the Mission Staffing Pattern System. The data generated by the new workforce planning staff already is being integrated into the agency's budget planning and recruitment. Ultimately, the new system will be integrated into the agency's corporate database where it will be fully accessible to all employees.

Foreign Service National Employees

Although Foreign Service Nationals (FSNs) make up about 60 percent of USAID's workforce worldwide, there has never been a central office charged with developing and administering FSN personnel policy. As a result, global FSN policy had been inconsistent and often inequitable, which often led to low morale for both U.S. and FSN personnel at the missions.

To solve this problem, an "FSN Policy Unit" has been established. The FSN unit's main focus for 1995 is to develop a comprehensive, USAID-specific, FSN personnel policy that will help USAID's missions more effectively manage the FSN workforce, reduce potentially costly problems and improve the morale of FSNs worldwide. By 1996, the FSN Policy Unit can become a one-stop support

office serving USAID missions and FSNs in all areas of personnel management.

Reinvigorating career development

Many of NPR's findings noted deficiencies in USAID's staff development strategy. To empower employees to achieve their full potential, a career management system must provide employees with guidance and support throughout their careers. Also needed is a more open and competitive process for promotion and assignment of all staff and a better flow of career management information.

Accordingly, USAID is increasing the flow of career management information to the workforce. In 1995, the agency will provide employees with a series of issue-focused publications on a wide range of career management subjects. Each new edition will be timed to coincide with an agency event that is likely to impact employees' careers, such as the start of assignment and performance appraisal cycles.

USAID also is revamping its training program and integrating it with the agency's workforce planning and staff development strategy. USAID training is moving away from classroom work and toward more self-directed learning. This shift also expands training opportunities for all employees, including Foreign Service National and Personal Services Contract employees.

The agency is taking advantage of the technological developments that increasingly put learning opportunities at the employee's fingertips. USAID is being transformed into a "learning organization," in which more responsibility will be placed on the employee to learn. Modern technology is being used to promote learning in the workplace, making it current, accessible and relevant. Certification programs are being established to provide thorough training to various employees, including contract officers, project managers and executive officers. In addition, the agency's Development Studies Program has shifted its focus to reach every employee early in their careers.

USAID also is reinventing its system for assigning its rank-in-file Foreign Service employees to positions in which they can make the greatest contribution to achieving the agency's objectives. The system, which is now being pilot-tested, drastically shortens the period of time required to transfer into new assignments. It also simplifies the identification of positions to be filled, increases the amount of information provided to candidates and will ultimately provide a clearer framework for career growth. Finally, and most importantly, the new system brings on-site field managers directly into the candidate selection process.

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USAID training is moving away from classroom work and toward more self-directed learning.

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The process for assignment to USAID senior management positions also has been reformed. Senior management positions now are announced up to a year in advance. Employees are, for the first time, nominating themselves for consideration. If they are qualified, they are interviewed and competitively considered for senior management assignments or bridge assignments that lead to senior positions.

With feedback from employees and managers and constructive participation with the American Foreign Service Association and the American Federation of Government Employees, USAID expects further improvements to be proposed continuously throughout the coming year.

Manage USAID employees and consultants as a unified workforce

"Restricting staffing resources has contributed to the deterioration of USAID's ability to manage itself and its programs by shifting the duties of USAID project officers away from hands-on project management."

Accompanying Report of the National Performance Review 1993

A Year Later . . . .
Reforming the personnel system

USAID currently maintains three distinct personnel systems to manage its direct-hire employees: the Foreign Service (FS), the Civil Service (GS) and the Foreign Service National (FSN) systems. In addition, USAID employs thousands of Personal Services Contractors (PSCs). The complexity of managing these systems, as well as the disparity between them, has contributed to long-standing problems for the agency.

On March 31, 1994, USAID submitted a concept paper to Congress proposing action to foster greater unification of its Foreign Service and Civil Service systems. The objective is to better integrate the various categories of personnel and ultimately to improve USAID's capacity to deliver assistance overseas.

USAID is in the final stages of developing a series of policy reforms designed to make the FS and GS systems more compatible and to permit greater flexibility in the use of the workforce. The new personnel structure also will provide for better management of the workforce, including FSNs and

PSCs. The objective is a system that is flexible and open in how people are recruited, assigned, trained and promoted. It also will tap the expertise of all employees and promote equity and workplace diversity.

Options under consideration include: continuing to designate all professional employees as either FS or GS, but operating the systems in a much more uniform way; developing a separate USAID service composed of both groups; or shifting a significant portion of the professional GS employees into the FS system. Various compensation scenarios, along with five-year cost projections, also are being developed. Later in 1995, the agency will decide on the best approach to implement this proposal, after discussing cost, administrative and policy implications.

USAID already is working on those aspects of a more unified personnel system that can be implemented without legislation, including restructuring the International Development Intern Program to significantly reduce the average grade

and age of newly hired staff and to increase the years of training invested in each recruit from one to four years. Improved training opportunities and better employee performance evaluations are key to improving USAID's personnel system for the long term.

Employee performance evaluation

For several years USAID's employee performance evaluation system has been widely criticized, especially by its own workforce, as highly ineffective. Among its failures have been consistently inadequate and ineffective performance feedback and, most critically, a failure to assign accountability for achieving organizational goals.

In the past year, guided by a senior employee steering committee and with the active involvement of employee groups, the system has been redesigned. Revised evaluations will focus on accountability for meeting organizational goals, provide for increased and much more effective feedback, and separate the promotion process from the annual evaluation system. The new performance evaluation system will apply to both Civil and Foreign Service employees, further contributing to unifying the workforce.

Pilot testing for the new system began in June 1994 and the system will be fully implemented for all USAID employees by spring 1995.

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Improved training opportunities and better employee performance evaluations are key to improving USAID's personnel system for the long term.

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Establish a USAID innovation capital fund

"USAID has been widely criticized for deficiencies in its information management. The agency's systems are considered antiquated and unintegrated and consequently do not support management decision making. . . ."

A Year Later . . . .
Information Systems Plan

The NPR report stated that agencies should be allowed to create innovation funds for capital investment loans to finance needed technology. Recognizing the realities of the situation we faced, USAID's FY 95/96 budget submission instead called for an alternate means of achieving the same objective by funding improved information management out of the current operating expense account rather than through an innovation capital fund.

The Information Systems Plan (ISP) was designed to respond to an extensive list of problems relating not only to USAID's information systems, but to the underlying business processes as well. These include redundant systems, different systems in Washington and in the field to perform the same function, outdated technology, systems using inconsistent definitions so that sharing data was impossible, extensive re-keying of data with many resulting errors, inaccessibility of data to managers and inefficient business practices based on outmoded manual and paper processes.

To achieve results, the ISP lays out a five-year plan for developing and installing a suite of integrated systems to support all of USAID's essential business processes. When the ISP is completed, USAID staff will be able to access information from key points around the world.

Most administrative USAID business will be done electronically, with data entered only once, and approvals provided electronically as well. All systems will conform to a standard "look and feel" in terms of screen layout, use of function keys, etc., making it easier for staff to learn new systems.

The ISP is USAID's roadmap for developing and implementing an integrated suite of business systems to serve the needs of all USAID/Washington bureaus, offices and missions by permitting the sharing of data, reducing costs, enhancing productivity and improving the agency's business practices and management. USAID has completed a number of key activities under its Information Systems Reengineering — an effort to develop and install an integrated set of program

Most administrative USAID business will be done electronically, with data entered only once, and approvals provided electronically as well. All systems will conform to a standard "look and feel" in terms of screen layout, use of function keys, etc., making it easier for staff to learn new systems.

and administrative systems that will make consistent management data available throughout the agency. The critical element of this approach is the extensive involvement of users in defining the agency's needs and designing solutions to those needs. When completely designed and installed, this new information system will save millions of dollars over the system's life, with a payback ratio of approximately 3 to 1.

The ISP divides the agency's business functions into eight areas: procurement, core accounting, budgeting, operations, human resources, guidance, property management and communications. Reengineering each business area begins with a business area analysis, which is then followed by systems development, testing and implementation. Analyses for the procurement, core accounting, budgeting, and program operations areas have already been completed. The human resources business area analysis began in September 1994. The major systems for the first four business areas will be installed in Washington, as well as overseas, by October 1995.

Cutting edge technology

Other major advances have helped USAID move from being one of the least technologically capable agencies in government to being at the cutting edge of information technology:

- The Internet Gopher system currently posts a variety of electronic information about the agency to over 20 million computer users worldwide. The Gopher menu contains information on contract proposals, regional programs, sector profiles and provides access to other convenient sources of development information;
- A free Listserve subscription service distributes USAID press releases electronically to computer users around the globe; and,
- The international E-mail network has been expanded to cover 94 out of 103 overseas sites.

USAID has begun to migrate to an open systems environment, based on federal standards, permitting interconnectivity of computers and systems that are acquired from different manufacturers.

The Executive Information System

The Executive Information System (EIS) is an internal USAID system designed to save time while accessing legislative and public affairs information. Most USAID staff in Washington have access to the EIS and may use it to prepare for congressional testimonies, respond to public inquiries and access current news updates and agency-wide information. Prior to this change, such information was scattered in a variety of locations and was often inconsistent. EIS supplements the public information now becoming increasingly available on Internet.

In recent months, the Office of the Executive Secretariat (ES) redesigned the EIS to reflect agency strategies and provide staff with a wide

array of new file information, including daily news clips, legislative reports, recent speeches and congressional testimonies, special initiatives and programs, senior staff reports, calendar and events information and country program information.

Executive correspondence management

ES has also made significant progress toward developing and implementing an agency-wide solution for executive correspondence. Steps were taken in the winter of 1993 to improve the drafting and tracking of executive correspondence. In April 1994, a project was initiated recommending that the agency implement a correspondence management system, streamline the number of agency staff in the clearance process and reduce, where possible, the amount of executive correspondence signed by the administrator, shifting the responsibility to agency senior staff.

Before these improvements were initiated, correspondence processes were manual, serial and labor-intensive; document tracking was inadequate; and official records were stored in paper format, decreasing limited storage space.

This new management system will improve the quality and timeliness of USAID's response to correspondence requiring executive-level signatures;

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When completely designed and installed, this new information system will save millions of dollars over the system's life, with a payback ratio of approximately 3 to 1.

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flexibly route, track, report and store information in an accessible format; and empower senior management and agency staff to work as a team.

The revised system became operational in November 1994 and initially responds to congressional inquiries, with plans for an eventual expansion to address all agency correspondence. Using a combination of process changes and state-of-the-art technology, USAID plans to change the way it does business, better serving Congress and the general public.

New tracking system for household effects

A new tracking system, reengineered by the Office of Administrative Services' Travel and Transportation Division, enables the division to track both shipment of household effects and storage records for agency employees traveling overseas. Initially, this system was manual and cumbersome due to the large number of employees going abroad.

The new automated system provides information from three agency databases, including critical personnel and financial information to track employees moving from one location to another. This link also eliminates duplicate payments and non-payments to storage companies for household effects. More than $75,000 was saved during the first year of operation.

USAID's electronic connection to the State Department's household effects tracking system permits tracking of household shipments from the United States to various overseas locations through the U.S. Dispatch Agent. This improved tracking system provides faster response to customers and also ensures swift follow-up with packing companies.

Automated records management

The Office of Administrative Services' Information Support Services Division initiated a Records Management Program reengineering project designed to give customers quick and accurate access to USAID's official contract/project records. After conducting a customer survey in November 1992, the office learned that customers wanted a better way to access these records for information and decision making. The survey revealed that customers were not using the microfiche system for such information. In January 1993, the paper records were converted to CD-ROM rather than microfiche. CD-ROM allows the procurement office to access contracts immediately, and customers can obtain information in seconds. An automated search capability allows customers to selectively access and retrieve records.

This pilot project was expanded to other offices in USAID/ Washington, and this year the regional bureaus began converting their project records from paper to CD-ROM. Simultaneously, the new technology tested the records management functional requirements for the life cycle of electronic records since official records need to be maintained properly and historical records preserved.

USAID has become a leader in developing and integrating records requirements for electronic filing and retrieval systems. The agency accepted an invitation to be a pilot for the National Archives and Records Administration, participated in their review of CD-ROM as an archival storage medium and has become a resource for other agencies in their development of standards for electronic recordkeeping.

Larry Byrne, assistant administrator for Management, shows the CD-ROM that contains information previously found in piles of handbooks.
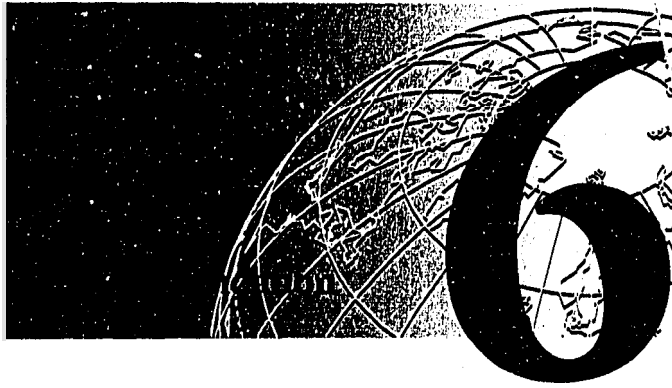
Reengineer management of USAID projects and programs

USAID's top-down, blueprint project design and management approach impedes the ability of project field staff to make the necessary mid-course corrections during project implementation. It has also fostered an environment that discourages risk-taking and the use of creative problem-solving strategies that may deviate from the project design."

Accompanying Report of the National Performance Review 1993

A Year Later . . . .
Projects instead of paperwork

USAID's employees are committed to achieving development results. Many employees are former Peace Corps volunteers. All have deeply held beliefs that the agency can make a difference in helping people in the developing world achieve better lives. However, USAID employees also have been frustrated by a way of doing business that seemingly placed more emphasis on accounting for inputs than achieving outcomes and that lacked a clear vision of the development mission.

Times have changed. USAID's employees have accepted the challenges of the National Performance Review and taken advantage of the opportunities of an agency-wide "reinvention laboratory." As part of USAID's overall reform and reorganization, the agency began an effort to completely rethink how it plans, implements and evaluates development and humanitarian assistance programs. The initial plan to reengineer USAID's operating system is outlined in a report titled "Results-Oriented Operations Reengineering." This report was distributed in April 1994.

Many of the recommendations for changes in the "Results-Oriented Operations Reengineering" report grew out of experiments and new approaches undertaken in field missions and other parts of the agency.

Reengineering builds on the ongoing development of an integrated, agency-wide information system, but goes far beyond. It represents a commitment to assuring that all of USAID's business functions focus on meeting customer needs and achieving results, while reflecting core agency values of participation and teamwork.

USAID's reengineering encompasses procurement reforms, financial management reforms and budget reforms. It embodies new ways of managing human resources to clarify responsibilities and accountability, reward teamwork and appropriate risk-taking, and develop and expand knowledge and skills to fully utilize everyone's capabilities. Reform is built on new technology and an integrated information system through which knowledge is freely available.

At the heart of USAID's reengineering is the reworking of development operations, the way we plan for, achieve, judge and manage development results. Last May, an intensive reengineering team defined the broad framework for more responsive, results-oriented, customer-focused and employee-empowering development operations. This fall the agency developed the specific policies, procedures and information systems needed to make this new way of doing business a reality.

At the same time, we will try new approaches through 10 reinvention "laboratories" in USAID missions and offices throughout the world. By fall 1995, this new operations system will be fully developed. By fall 1996, the system will be fully implemented throughout USAID.

Reinvention labs

To ensure that these new systems work properly, several Country and Office Experimental Labs (CELs) were selected to refine the principles, concepts and approaches discussed in the "Results-Oriented Operations Reengineering" report. Examples of the proposed system, which the CELs will experiment with, are:

- Obligating funds at the strategic level;
- Refining strategies as a result of customer surveys;
- Reorganizing CELs' staff around strategic objectives using a team approach;
- Evaluating individuals as team members; and,
- Empowering work teams to achieve specific results.

Moving toward results-oriented government

A major underpinning of both reinvention and reengineering is a system based on achieving and reporting on results. Before implementation of the NPR, there was no uniform system to report with clarity and regularity on the development impact of USAID's programs. Program reform under way at the agency will produce the following results:

- USAID will manage for results based on a strategic planning process with measurable and reportable indicators of development impact;
- USAID will be able to report to the American people on the accomplishments of USAID assistance;
- USAID will be governed by a uniform set of significantly simpler programming procedures, reducing the agency's audit vulnerability and fear of risk-taking. This also will help unify USAID's corporate culture and make it easier for staff to move throughout the agency without having to learn a new system and new vocabulary; and,
- There will be less emphasis on detailed onerous documentation requirements.

There have been major accomplishments of program reform to date. With congressional agreement, the agency has changed the focus of its dialogue with the Hill from project-level minutia to strategic objectives and expected results within defined time frames. A new agency directive on "Setting and Monitoring Program Strategies" requires all operating units to have strategic plans in place, to report annually on performance and to define resource requirements in an annual action plan. This program and budget planning for FY 1996 clearly links resource decisions to performance.

USAID has shifted its focus to achieving clearly defined results. A series of directives has been issued to establish country strategic plans as the primary instrument for programming USAID resources. These plans must identify clear strategic objectives, specify benchmarks that will be used to track progress toward those objectives and establish systems to collect the relevant data. Central review of proposed strategies will examine how program performance data is collected and used for future USAID activities.

The agency's FY 1995 Congressional Presentation was based on results rather than spending for various inputs. Now, more than 70 of USAID's country programs and offices have developed formal strategic plans with clear performance objectives and explicit performance indicators. As a result of this Program Performance Information for Strategic Management (PRISM) effort, USAID is an agency at the forefront of government-wide performance measurement and results management.
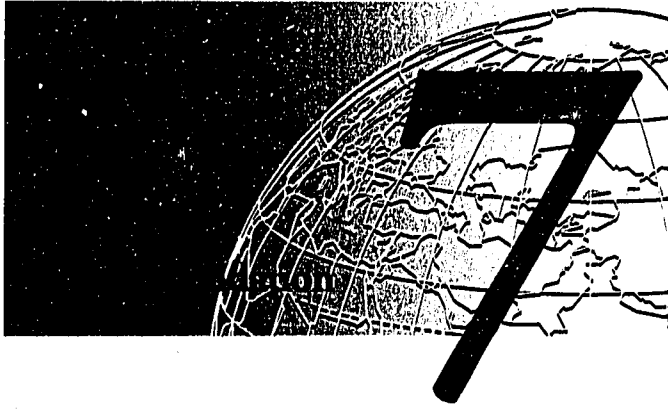
Consolidate or close USAID missions

"Whatever the final numbers, the greatest challenge to the new administration will be to preserve what has been argued by USAID to be its greatest strength — its field mission presence —while redesigning the agency to respond to new global and resource realities."

Accompanying Report of the National Performance Review 1993

A Year Later . . . .
A more focused approach

On Nov. 19, 1993, Administrator Atwood announced, with the concurrence of Secretary of State Warren Christopher, the closing of 21 USAID field missions. With fewer missions, the agency can adopt a more focused strategic approach to sustainable development. Three categories of countries were selected for closing:

- Countries that have achieved a certain level of credit-worthiness and have reached sustainable levels of economic stability to the point at which they now can be graduated from USAID programs.
- Countries with very small programs and high administrative costs. Future USAID programs and support for these countries will be channeled through existing regional programs.
- Countries that have not been good partners of the United States in sustainable development. These countries have not allowed USAID access to their people, have not invested their

own resources in sustainable development or have invested a disproportionate amount in their military at the expense of development. These countries do not allow their own citizens to participate adequately in the development process.

Consolidating missions will permit USAID to better concentrate its programs and focus limited financial and human resources on those countries where the agency can truly make a difference. This decision was a vital part of the agency's effort to reform and restructure USAID to create an organization that can achieve development results.

The 21 missions will be closed by the end of FY 1996: nine in Africa, six in Latin America and the Caribbean, and six in Asia and the Near East. Thoughtful close-out plans based on careful analyses have been approved that will bring development assistance activities to an end as quickly as possible without undermining previous investments, legiti-

Consolidating missions will permit USAID to better concentrate its programs and focus limited financial and human resources on those countries where the agency can truly make a difference.

mate accountability concerns and diplomatic relationships with the host countries.

Six missions were closed by December 1994. Actions for closing the balance of targeted missions are well advanced. This is the first time since USAID programs were introduced that the agency has reduced the overall number of countries with whom the United States is working on a major scale. All mission close-outs will be monitored for compliance with plans. In addition to the original 21 missions targeted for closure, USAID expects to close another six missions in the near future.

Tunisia is one of the missions scheduled for close-out by the end of FY 1995. Pictured are a mother and child who received better health care as a result of USAID assistance.

Government-wide Actions
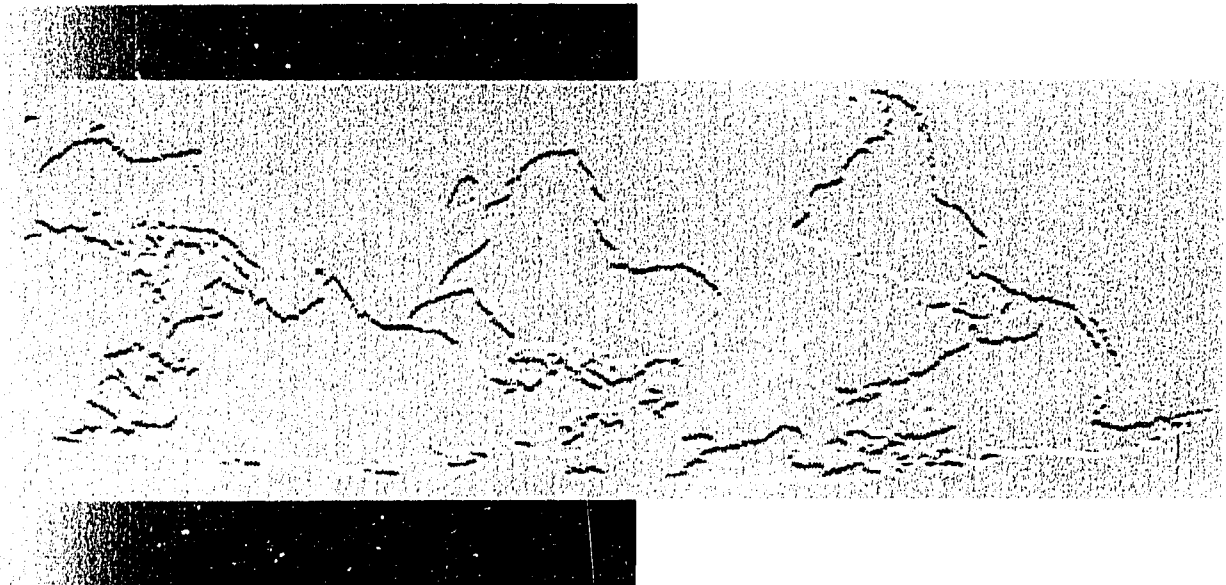
1 Customer service

The NPR report recommended major reforms in the way government does business. One of the primary initiatives the report proposed was a new customer service contract as an essential part of the government's mission. Executive Order 12862, "Setting Customer Service Standards," explains how to achieve the key principle in this contract, putting customers first. It calls on U.S. government agencies to identify their customers, to address their needs through regular interaction and to develop standards for serving them based on their priorities.

Given the diversity of places, people and cultures inherent in USAID's programs, putting customers first presents an enormous management challenge. Unlike most U.S. government agencies, USAID's ultimate customers are located outside U.S. borders. They are the people in developing countries whose quality of life the agency works to improve.

Most of USAID's development and humanitarian assistance to overseas customers is delivered by a variety of development partners, including U.S. private voluntary organizations (PVOs), universities and private businesses, as well as host country governments and non-governmental organizations (NGOs). USAID is currently revising a customer service plan to incorporate suggestions from PVOs, NGOs, universities, contractors, etc.

For USAID and its development partners to serve customers effectively and achieve results, the agency needed to be reengineered. As a government-reinvention lab, USAID is developing a system to meet the challenges of the post-Cold War world.

■ Participation initiative

Participation of host country people in the design and implementation of development programs remains essential to success. USAID seeks to

make the agency's programs and procedures more conducive to, and its staff more skilled in and committed to, helping people have more access to their country's economy and their society's decision making processes.

The agency's participation initiative encompasses efforts undertaken in a coordinated but decentralized fashion by all agency bureaus and missions in support of this goal. Monthly sessions of the participation forum have generated lively discussion and E-mail, with real results, e.g., drafting strategic objectives for West Bank/Gaza to promote Palestinian planning in health and housing.

In addition to the monthly forum, a participation working group of staff from each bureau meets twice monthly to serve as catalyst to, reference board for, and multiplier of the initiative.

The administrator's "Statement of Principles on Participatory Development," distributed in November 1993, outlines the key concepts:

- Decisions about development priorities and policies are to be reached in the host country by those who must sustain them;
- USAID assistance — whether directed in support of national programs or channeled to specific local projects —complements the "social energies" and commitments shown by the recipient society;
- USAID projects and programs are accountable to the end user; and,
- USAID programs aim to strengthen the capacity of the poor to take the next steps in their own and their community's development.

■ Standards of customer service

Phase I of USAID's Customer Service Plan, issued in September 1994, addresses the concerns voiced by U.S. PVO/NGO development partners and by universities and businesses. USAID's relationships with these organizations are multifaceted and evolving. The agency also acknowledges the important differences in the nature of its relationship with PVOs, which are generally USAID grantees, and private firms, which work as USAID contractors. These distinct relationships suggest different

As a government-reinvention lab, USAID is developing a system to meet the challenges of the post-Cold War world.

expectations and standards of performance on both sides.

Nevertheless, there are underlying common concerns. Over the past year, USAID has met with its development partners, including InterAction and the Advisory Committee on Voluntary Foreign Aid, to identify problems and review possible solutions. The Customer Service Committee also has reviewed the results of a USAID/PVO task force report and suggestions voiced during a vendor town meeting. Country Experimental Labs (CELs) are also working to develop further innovations to the Customer Service Plan. A Phase II plan will be available to all missions in Fall 1995.

The key areas of concern identified by USAID's development partners fall into three major categories, which are the basis for the agency's standards for customer service:

- Quality in USAID procedures;
- Timeliness in USAID processing; and,
- Greater access and transparency.

In working with PVOs, universities and private businesses, USAID is working to eliminate burdensome administrative and procurement requirements and become "user-friendly" to current and future development partners. As part of this ongoing effort, recent procurement policy changes simplified the administration of grants and cooperative agreements by modifying requirements in the following areas: trip reports, salary approvals, number of key personnel, approval of consultants, budget flexibility and systems approvals.

■ Benchmarking

As a means of improving customer service to USAID's overseas customers, domestic delivery partners and internal customers, USAID is using the benchmarking process, finding the best practices used in business or government and then adapting them to improve the agency's operations.

For its internal customers, USAID's Personnel Office has improved day-to-day service and responds more quickly to out-of-the-ordinary challenges, such as the need to rapidly staff new programs and support the close-out of others. The office presently is pilot testing a cross-functional team (one-stop shop) for providing customer service and training personnel staff to respond to a wider range of issues and questions without having to refer customers to other staff.

Personnel has cut the time required for identification of new clerical recruits from four weeks to three days by consolidating steps previously performed into one project to be completed by one staffing operations specialist.

USAID will continue to use the benchmarking process as an ongoing learning tool. The goal is for USAID's reengineered systems to equal or exceed the "best in business," enabling USAID to provide the most efficient and effective development and humanitarian assistance.

■ Lessons Without Borders

Becoming the "best in the business" also enriches the lives of USAID's development customers in the United States. Americans are beginning to recognize that U.S. foreign economic and humanitarian assistance works to tackle major environmental, social and economic problems abroad before they pose more serious threats to the United States. Many of the lessons the United States has learned overseas can be applied to help solve some of America's domestic problems.

During the past year, USAID launched its Lessons Without Borders campaign to promote the exchange of information between international development professionals and U.S. community leaders. USAID hosted conferences in Baltimore,

Boston amd Seattle and is scheduled to continue the program in other U.S. cities.

Problems often thought of as exclusive to developing countries are actually global problems. For example, in many developing countries, 25 percent of all children die before reaching their fifth birthday. But child survival is not an issue only for developing countries. The United States has one of the highest infant mortality rates of the industrialized nations. Some low-income neighborhoods in America have infant mortality rates comparable to those in the developing world. In the last few years, it has become clear that simple and inexpensive methods, including oral rehydration therapy and immunization, can be effective in saving many of these children's lives.

Sharing expertise and knowledge is a winning proposition for all. In agriculture, in health, in businesses large and small, in research and in building better communities, there is much the United States can learn from its foreign assistance programs.

2 Reducing regulations

Reduction of the internal regulations of all federal agencies was established as a goal of the Clinton administration through an executive order signed Sept. 11, 1993. The executive order requires a 50 percent reduction of such regulations by all agencies within three years. In a memorandum clarifying the charge, the U.S. Office of Management and Budget identified the goal: "Weed out needless internal regulations so that (1) the outcomes to be achieved in an internal regulation are clearly articulated; (2) responsibilities for decision making and action are clearly assigned; and (3) oversight can shift from process to outcome."

To oversee USAID's implementation of the executive order, USAID's Quality Council formed a standing committee on internal regulations, composed of representatives of all bureaus and offices. The standing committee identified a three-track approach to reduce the agency's regulations.

The Management Bureau worked with other bureaus to eliminate handbook redundancies, reprint

rules and regulations generated by other agencies but that are applicable to USAID and rewrite other agencies' regulations. To the extent that these latter regulations continue to be applicable to USAID, they will be cross-referenced and accessible through CD-ROM. A clear and simple format for the handbooks has been formulated.

Each bureau or office, either responsible for particular handbooks or for generating internal regulations outside of the handbook system, will be asked to try to reduce those regulations by 50 percent by rendering the original requirement non-binding or by reducing the:

- Volume;
- Complexity (either of the drafting of the regulation, making it more user-friendly, or of the substance); or,
- Time needed to implement it.

■ Regulatory management

The agency's Quality Council set up an Internal Regulatory Committee to monitor and carry out the 50 percent regulatory reduction action plan. USAID has:

- Implemented a new automated directives system (ADS)which replaces the 33 paper handbooks containing 12,000 pages of internal regulations. The system achieves a dramatic improvement in codifying policies, essential procedures and reference materials. One-third of the redundant regulatory information contained in the handbooks was immediately eliminated;
- Consolidated four handbooks into one, reducing the volume and operational guidelines;
- Converted all handbooks from paper to electronic CD-ROM disc. (More than $300,000 will be saved annually due to reductions in printing and mailing costs alone.);
- Launched, using the electronic employee suggestion box, an agency-wide effort to identify unnecessary, time-consuming internal regulations;

- Reengineered the agency's programming system, procurement, financial management and budgeting process to streamline USAID's systems and regulations; and,
- Monitored and reviewed new regulations to ensure that they are necessary, clear and concise.

3 Labor/management partnership council

On Jan. 19, 1994, representatives of the American Foreign Service Association, the American Federation of Government Employees and USAID management entered into an agreement pursuant to NPR recommendations and President Clinton's executive order to establish a Labor/Management Partnership Council.

Under the agreement, management and the employees' elected union representatives joined together as partners in the business of delivering the highest quality service to USAID's customers.

USAID's proposal to Congress to unify its multiple personnel systems was developed with wide input from employees, their unions and the partnership council itself. The council was instrumental in clarifying and achieving consensus on key issues. Union representatives participated in weekly meetings of the coordinating committee that guided the development of the proposal and the council conducted a point-by-point review of the final product before it was submitted to Congress.

In the coming year, the partnership council will consider strategies for institutionalizing reform of USAID human resources systems and make recommendations for improving the agency's customer service focus. This new relationship between USAID management and the unions that represent USAID employees is critical to transforming the agency into one that works better and costs less. The process has begun but it has a considerable way to go on the road to achieving the broad objectives of the president's executive order.

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4 Rightsizing/streamlining

Four major activities have been launched to reform and restructure USAID to meet President Clinton's 12 percent reduction target and create a more streamlined agency focused on achieving development results. USAID has:

■ Reduced its presence overseas by closing 21 posts by the end of FY 1996;
■ Completed a functional reorganization to create a more integrated and interdependent organizational structure;
■ Completed the rightsizing of 19 agency offices to reduce supervisory layers and duplication; and,
■ Initiated a 20 percent reduction in the number of Personal Services Contractors employed by the agency. By reducing contractor personnel, a problem identified by the NPR report, USAID was able to retain direct hire Civil and Foreign Service personnel and avoid the possibility of a reduction in force.

On Oct. 1, 1993, the administrator announced the structural reorganization of USAID/Washington. Following that announcement, 19 rightsizing reviews were completed over a five-month period and the results implemented by Sept. 30, 1994.

In line with the recommendations of the National Performance Review, the rightsizing process was designed to target:

■ Improved supervisor to employee ratios;
■ Reduction of unnecessary and bureaucratic layers;
■ Improved/streamlined internal work processes/systems; and,
■ Elimination of overlapping functions between and within organizations.

The reorganization eliminated one high-level management layer between the administrator and the bureaus and independent offices and reduced the number of major organizational units by five. The agency aligned functional areas and geographic regions more appropriately. For example, Europe was combined with the New Independent States of the former Soviet Union; Asia with the Near East; Administrative Services with Overseas Management Services; Management Planning with Management Control; and the agency's field support and technical assistance capabilities were concentrated in a newly established Global Programs, Field Support and Research Bureau.

The reorganization was designed in accordance with the guidance presented in the NPR and focused on streamlining operations, improving control and eliminating unnecessary layering and processes. The decision was made to perform the 19 rightsizing reviews using agency staff exclusively — the people who most intimately knew the agency's needs, redundancies, strengths and programs. Their efforts provided a solid base for the decisions that followed. These decisions resulted in the elimination of 90 organizational units overall.

5 Quality management
USAID Quality Council

The Quality Council was established by Administrator Atwood in June 1993 to assist management in providing coordination, guidance and direction for major reform of USAID. The council serves as a central focal point, information center and coordination mechanism for all agency efforts to "reinvent" USAID by improving quality, responsiveness, efficiency and effectiveness.

The council responds to problems of inefficient operations and a general lack of communication, but represents more of a facilitative process for all the other reform efforts. The council manages the administrator's suggestion box, designed to engage employees in the agency reform process and to encourage the sharing of ideas.

The Quality Council is already seen as a valuable forum where major reform issues are considered collegially, demonstrating agency-wide perspectives rather than the parochial interests all too often found in a bureaucracy. Formal advice to senior leadership has been given and in most cases followed. The council is becoming an advocate for reform and a visible example of the positive changes in USAID. During initial stages of the agency reform efforts, the Quality Council has produced the following results:

- The council helped shape the overall reform agenda, bringing together an experienced group of employees in a common enterprise;

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The council manages the administrator's suggestion box, designed to engage employees in the agency reform process and to encourage the sharing of ideas.

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- It contributed effectively to defining USAID's goals and mission and, to a degree, defining new strategies to carry them out. It also helped give the new approaches wide circulation;
- The council provided an ear for employees through the suggestion box, which, after a period of difficulty, has once again become responsive. However, problems still must be resolved in the timeliness of replies and in making senior officials (as opposed to staff officers who draft responses) aware of good ideas received; and,
- The council developed a comprehensive communications plan, approved by the administrator, to provide information to USAID employees about reform.

6 Procurement and financial management reforms

■ Broadening procurement opportunities

The Office of Procurement, in an effort to inform more U.S. businesses and individuals of USAID competitive procurement opportunities, has begun posting Commerce Business Daily (CBD) announcements and competitive solicitations and applications on the agency's Gopher and File Transfer Protocol (FTP) system. These systems can be accessed by millions of Internet subscribers. In addition, the FY 1995 procurement forecast also is posted. This forecast contains information relating to expected FY 1995 competitive procurements, including a subject description of the action and the expected date of issuance.

The Office of Procurement hosted vendor town meetings in Louisville, Dallas, Washington, D.C. and other U.S. cities to discuss ways of doing business with the agency. Contractors, grantees and recipients currently working with the agency, as well as other organizations interested in pursuing contracts with USAID, attended the meetings.

■ *Procurement Reform*

Procurement reform is a major agency reform initiative that has achieved results in the past year:

■ Off-the-shelf software for preparing solicitations and contracts has been installed;

■ New staff were recruited, and all personnel were encouraged to fully exercise responsibilities appropriate to their certification level;

■ Contractors and development partners (non-profits) work more closely with USAID personnel through ongoing consensus building approaches;

■ Integrity has been restored to the procurement process by clarifying organizational conflicts of interest, improving contract administration and strengthening enforcement of procurement integrity statutes; and,

■ Ongoing business area analysis has improved automation of administrative procurement procedures.

■ *Project Green*

In October 1993, President Clinton signed an Executive Order on Federal Acquisition, Recycling and Waste Prevention. Based on this order, federal agencies have established projects in their purchasing divisions to locate suppliers of recyclable products. This program, "Project Green," promotes the use of products that meet or exceed federal recycling standards. To date, laser toner cartridges, paper products, pens and notebooks have been bought with recycling goals in mind. In 1994, to take one example, the agency saved some $54,000 by using recyclable toner cartridges for printers.

■ *Financial management reform*

In consultation with OMB's Office of Federal Financial systems, USAID is in the process of completely revamping its financial management system. When completed in October 1995, USAID's Worldwide Accounting and Control System (AWACS) will:

■ Capture and record financial information when and where it occurs, reducing redundant data entry;

■ Maintain information in a central database easily accessible by managers throughout the agency; and,

■ Speed up delivery of service by reducing the paper flow through greater use of electronic signatures and data entry.

AWACS has created a new general ledger for producing standardized reports to OMB and Treasury. An improved reporting system, Pipeline Information and Program Evaluation (PIPE), generates on-line graphic reports. PIPE promotes accountability and transparency by allowing anyone within USAID to view the amount of unliquidated balances for any project by fund type, country or bureau. The PIPE system will reduce the time required to plan a new program from six months to less than two months.

The Office of Financial Management is expanding the use of the Electronic Certification System (ECS) and the processing of payments by wire transfer. The ECS will operate in up to 30 missions in 1995, which will make wire transfers of payments a simple reality.

7 Workplace diversity

A November 1992 Government Accounting Office assessment of USAID diversity found that "In AID's Civil and Foreign Service workforce, protected group members were in many cases under-represented by PATCO category, major occupation, and grade level." Quarterly EEO profiles and internal USAID reports were consistent with the GAO findings. The report also cited deficiencies in recruitment strategy, insufficient commitment of funds and a failure to centralize available recruitment resources.

A USAID workplace diversity plan, drafted with significant employee input, became operational in April 1994. Its goal is to achieve a representative workforce and equal employment opportunity in all facets of the employment relationship. In September

1994, USAID began college recruitment for the first phase of an innovative program to recruit and train women and minorities for USAID careers before they graduate from college.

USAID recruitment aggressively reaches out to diversity candidates. The July 1994 Foreign Service International Development Intern (IDI) class was composed of 80 percent women and minorities. The IDI Program is USAID's principal vehicle for recruitment of future Foreign Service leaders. Almost half of the officers appointed to senior management positions in 1994 began their careers as IDIs. The 1994 Civil Service Presidential Management Intern (PMI) class and the agency's summer intern program were 70 percent women and minorities.

Senior management positions have also diversified significantly. The profile of the Senior Executive Service has improved as well, from 25 percent women and minorities in 1993 to 39.5 percent today.

The diversity plan is a first step toward establishing workplace diversity as a central agency-wide commitment. It guides USAID efforts to achieve a representative workforce profile and establish an active program to ensure equal employment opportunity for each employee in all facets of the employment relationship. The plan is not definitive; it is a work in progress and will require much commitment and effort to bring it to fruition.

A Final Note

In the administrator's confirmation hearing he stated, "USAID does not need saving. It needs rejuvenating. Employees need to get up in the morning with a feeling of excitement about coming to work — with a sense that what they are doing matters to our nation and the people they are serving." These actions are designed to achieve that objective.

USAID CONTACTS

Public Inquiries:	Bureau for Legislative and Public Affairs (202) 647-1850
Procurement:	Bureau for Management (703) 875-1204
Business Opportunities:	Center for Trade and Investment Services (CTIS) (202) 663-2660 or 1-800-872-4348
	Office of Small and Disadvantaged Business Utilization (703) 875-1551
	Private Voluntary Organizations (703) 351-0222
Internet Address:	gopher.info.usaid.gov
Mailing Address:	USAID Office of Public Inquiries
	Bureau for Legislative and Public Affairs
	320 21st Street, N.W.
	Washington, D.C. 20523-0016

ANNEX:
NPR Recommendations and Actions: USAID

Note: Primary recommendations (e.g., AID01) quoted from Vice President Al Gore, "Creating a Government that Works Better & Costs Less: Report of the National Performance Review," Washington, D.C., Government Printing Office, September 10, 1993 (revised edition). Specific actions accompanying each primary recommendation (e.g., AID01.01) quoted from "Agency for International Development: Accompanying Report of the National Performance Review," Washington, D.C., Government Printing Office, 1994. Dated September, 1993.

AID01 Redefine and Focus AID's Mission and Priorities

With the end of the Cold War, AID must rethink how it will operate. NPR recommends steps to plan for this new mission and proposes new authorizing legislation to define its post-Cold War mission and priorities.

AID01.01 The AID administrator should conduct a zero-based, bottom-up review of all AID programs and operations, identifying programs and operations that (a) do not directly support a clearly defined mission of sustainable development, and (b) can be undertaken by other assistance providers with a comparative advantage over AID. Nonessential and redundant programs should be eliminated.

AID01.02 The administration should seek comprehensive new authorizing legislation to replace the Foreign Assistance Act of 1961, as amended.

AID01.03 The AID administrator should develop a strategic vision of what the agency should look like as it enters the 21st century.

AID01.04 The AID administrator should conduct a comprehensive review of all agency directives and other internal and public issuances to ensure that they clearly express the agency's mission, priorities, and objectives in clear, consistent, and accurate terms.

AID02 Reduce Funding, Spending and Reporting Micromanagement

Eliminate AIDS' outdated or unduly burdensome reporting requirements and reduce legislative earmarks to provide greater operational flexibility.

AID02.01 Funding for AID development assistance programs should be appropriated on a two-year or multiyear basis determined by reference to specific assistance needs.

AID02.02 AID development assistance funds should be appropriated as part of a single account.

AID02.03 Earmarks on AID development assistance appropriations should be eliminated or reduced to allow the agency greater flexibility in responding to changing assistance needs.

AID02.04 Statutory reporting and notification requirements should be reduced.

AID02.05 The AID administrator should assure the completion of a zero-based review of all internal agency reporting requirements and procedural directives; elimination of outdated, unduly burdensome, non-cost effective requirements; and establishment of controls over the initiation of new requirements.

AID02.06 AID should develop a results-driven performance measurement system capable of documenting expenditures of development assistance funds against feasible and measurable performance goals.

AID03 Overhaul the AID Personnel System

Recommendations include changes in AID's personnel system to integrate its multiple systems and review benefits.

AID03.01 AID should operationally integrate all its human resource management systems, including FSN and PSC staffs, as well as FS and GS employees.

AID03.02 AID should reinvigorate the International Development Intern(IDI) Program.

AID03.03 AID should ensure that the lengths of overseas assignments are logically related to the nature of the work performed by AID personnel.

AID03.04 AID should ensure that junior officers develop management and administrative skills as part of their career development.

AID03.05 AID should invest in more training in project implementation, contract administration,

financial management and foreign language proficiency.

AID03.06 AID should encourage rotational assignments in and out of the Office of the Inspector General.

AID03.07 AID should restructure the performance review and employee incentive programs to link individual performance to organizational performance.

AID03.08 The AID administrator should enforce the terms of the up-or-out regulations and begin reducing the excess senior management of the agency.

AID03.09 AID should integrate qualified spouses of overseas couples into the assignment process and cultivate them as part of the overseas workforce.

AID03.10 AID should initiate an interagency review of FS benefit policies among the various agencies using FS employees.

AID04 Manage AID Employees and Consultants as a Unified Work Force

Lift some current personnel restrictions and give managers authority to manage staff resources more efficiently and effectively.

AID04.01 AID should vigorously explore opportunities to remove staffing restrictions and allocate operating expense salary resources to individual managers, rather than budgeting and managing funds centrally.

AID04.02 AID should put systems in place to accurately monitor employee work years for both direct-hire employees and PSCs.

AID04.03 AID should undertake a full review of the impact of its policies and practices concerning use of PSCs.

AID05 Establish an AID Innovation Capital Fund

Create a capital investment fund to improve information and financial management systems and customer service.

AID05.01 AID should work with OMB and Congress to establish a revolving capital investment fund.

AID05.02 AID should target sound projects from the Information Systems Plan for funding.

AID05.03 AID should conduct a thorough cost-benefit analysis of any proposed capital expenditure.

AID05.04 Implementation of the Army Corps of Engineers Financial Management System (CEFMS) should be expedited.

AID06 Reengineer Management of AID Projects and Programs

AID should use pilot programs and new approaches to emphasize flexibility, innovation, customer service and program results.

AID06.01 AID should reengineer the project and program management processes to emphasize innovation, flexibility, and beneficiary participation.

AID06.02 The AID administrator should designate selected AID missions as pilots to experiment with innovative approaches to programming and delivery of AID assistance.

AID06.03 AID should structure the reward and incentive system in project and program management to ensure that performance and accountability are linked to accomplishing project results and that innovation is encouraged.

AID06.04 AID should establish systems for continuing critical review of all existing projects to ensure that they are achieving desired outcomes.

AID06.05 AID should strengthen the project and program evaluation process and integrate it into the planning, budget, and project allocation processes.

AID06.06 AID should improve donor coordination, both at headquarters and in the field.

AID07 Consolidate or Close AID Overseas Missions

AID should regionalize missions and staff services overseas and close nonessential missions. It should establish "graduation" criteria for countries receiving U.S. assistance.

AID07.01 AID should concentrate field presence substantially by fiscal year 1996.

AID07.02 AID should support establishing the requirement that all assistance programs include plans for graduation from U.S. assistance.

AID07.03 AID should aggressively explore opportunities to consolidate staff in regional offices serving a number of countries.

AID07.04 AID should act to ensure that administrative functions overseas will be provided in the most cost-effective way.